



STATE BOARD OF EQUALIZATION

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Executive Secretary

August 4, 1980

80/121

To: County Assessors, Equalization Boards
and Assessment Appeals Boards

In Opinion No. 80-322, released June 18, 1980, the Attorney General's Office concluded that an increase in assessments of oil and gas producing properties solely on the basis of increases in value caused by changing economic conditions is prohibited by Section 2 of Article XIII A of the California Constitution. If this is a correct interpretation of Article XIII A, amendment of Board Rule 468 (19 Cal. Admin. Code §468), which provides otherwise, would be in order.

Shortly after the issuance of the mentioned opinion, Sacramento County filed a law suit contending Rule 468 was invalid because it does not allow for the annual reappraisal of all oil and gas properties. The legal action was commenced pursuant to Section 538 of the Revenue and Taxation Code, which also allows for intervention in the suit by potential assessees and other assessors. Because of this latter aspect of the statute, it is very possible that industry and other assessors will become involved. If this does occur it would be beneficial to all concerned since it would present to the court all aspects of the problems associated with the appraising of oil and gas properties under Proposition 13.

In view of the above-described events and the many recommendations for rule content presented to this Board during its several public hearings on the subject, the Board has concluded that it would be inappropriate and disruptive to amend Rule 468 at this time. This letter serves as notice that the rule is still in effect and should be followed by all assessors and equalization boards as required by Government Code Section 15606 until such time as it is amended to conform with a final court order, should that become necessary.

Douglas D. Bell

Douglas D. Bell
Executive Secretary

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